24 FEB 1956

MINISTRANCE FOR: Deputy Director of Central Intelligence

SUBTROP Termination of Agency Employees

In accordance with our recent discussions, we have examined current policies and procedures for the termination of Agency employees, in order to develop conclusions and recommendations for improvement.

- 2. In its early days, the Agency wittingly forbore the exercise of this plenary power of the DII. There were three principal reasons for this development:
 - s. The Agency was concentrating on getting organized and on recruiting the personnel to staff its organization, so that problems of terminating personnel were largely hypothetical.
 - b. Most of the original personnel of the Agency came from CIG, which had been governed by Civil Service provisions, and these first employees were soon joined by others whose sole governmental experience had been in departments or agencies DOCUMENT NO. similarly governed.

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- c. There was an understandable initial reluctance to test the full powers of the DCI until the Agency had developed a competence to fulfill its mission, at least to the extent of being reasonably assured that it would be allowed to continue to exist.
- 3. As a result, CIA early incorporated into its own regulations, policies and procedures borrowed from standard government practices. Some of these procedures remain today. For example, it is still our policy respecting pay that:

"Although the Agency is exempt from the provisions of the Glassification Act of 1949, the Agency shall adhere to the provisions of this Act insofar as possible. Besic elassification principles and compensation schedules will be followed in order to assure that employees receive equality of compensation for work performance." (CIA Personnel Policies," 5 November 1951, para. A(2))

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4. As the Agency's termination policies and procedures developed, they similarly retained provisions resulting from the early practice of valuntarily borrowing from standard government routines, although we have now learned to accompany such incorporations with a statement as to the Director's planary power, as for example:

"Replayees with veterans' preference and/or Civil-Service status shall be accorded all rights and privileges granted then under existing laws and regulations.

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5. By wid-1953, it become obvious to many Agency officials that
the Agency was now sufficiently established and staffed so that it
was high time to re-examine whether the Agency's termination policies
and procedures were sufficiently economisurate with the Director's powers. OGC
The rapid growth occasioned by Korea had coased; the Director had
imposed personnal ceilings; supervisors and Personnal officials found
that termination problems were no longer hypothetical but were indeed

pressing in a growing number of cases.